

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:
	:
SEARS HOLDINGS CORPORATION, et al.,	Chapter 11
	:
	:
Debtors.¹	Case No. 18-23538 (RDD)
	:
	:
	(Jointly Administered)
	X

**FORTY-SIXTH MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS, LP
FOR COMPENSATION EARNED AND EXPENSES INCURRED
FOR PERIOD OF JULY 1, 2022 THROUGH JULY 31, 2022**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* [ECF No. 814] (the “**Retention Order**”),² M-III Advisory Partners, LP (“**M-III**”) hereby submits its forty-sixth monthly report (the “**Monthly**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innoval Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is c/o M-III Partners, LP, 1700 Broadway, 19th Floor, New York, NY 10019.

² Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

Report") on compensation earned and expenses incurred for the period commencing on July 1, 2022 through and including July 31, 2022 (the "**Reporting Period**"). During the Reporting Period, M-III incurred total fees and expenses of \$429,871.49, comprised of \$429,569.00 of fees and \$302.49 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors' restructuring process, including:
 - a. **Chief Restructuring Officer:** Mohsin Y. Meghji in his role as Chief Restructuring Officer, continued to provide day-to-day oversight regarding issues including but not limited to: cash/liquidity management, the resolution of post-closing disputes with the Buyer, post-asset sale matters, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team.
 - b. **Asset Disposition:** On an ongoing basis, M-III also assisted the Debtors in matters related to the India and Hong Kong entities foreign cash valuation.
 - c. **Business Operations:** On an ongoing basis, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11 including addressing issues related to filings in the state of California and negotiating with a former customer to settle a past due debt owed to the Debtors. M-III also prepared numerous accounts payable requests and maintained reporting for non-real estate accounts payable. M-III also sent creditors payment confirmations. M-III also reviewed pre-petition and post-petition invoices submitted from various creditors outside of the proofs of claim process to determine if the invoices related to the Debtor or the Buyer and responded to the creditor. M-III analyzed the historical services provided by the Buyer under the Transition Services Agreement and the need for services in the future.
 - d. **Case Administration:** On an ongoing basis, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also prepared for and participated in strategic meetings with Debtors' counsel. M-III also assisted the Debtors regarding addressing issues related to the Effective Date. M-III continued to assist the Debtors in revising a Winddown, Administration and Cases Closing Reporting. M-III assisted the Debtors in preparing an updated presentation to the Bankruptcy Court. M-III assisted the Debtors in gathering a list of the hard copy documents that should be kept and stored at a third-party location and explored options for third-party location storage.
 - e. **Claims Administration and Objections (Other Than Governmental Units, Real Estate, Priority and Secured Claims):** M-III advised and assisted the Debtors with reconciling the Administrative Expense Consent Program Non-Opt-Out Group for

administrative claimants that filed an Opt-In Ballot and were not part of the initial, second, third and fourth distribution, filed a Non-Opt-Out Ballot or did not respond to ballot solicitation. This included reconciling the creditors amounts to the company's books and records and negotiating with creditors. M-III also responded to numerous inquiries from creditors regarding the Administrative Expense Consent Program Ballot, the claims reconciliation process and the fourth distribution. M-III also continued reviewing Opt-Out Ballots in comparison to the Debtors' books and records. M-III also continued to assist in settlement negotiations with creditors and Debtors' counsel. M-III also continued to prepare distribution information for the fourth distribution. M-III also continued to maintain reporting and tracking related to the Administrative Expense Consent Program Ballot and the claims reconciliation process.

- f. Claims Administration and Objections (Governmental Units): M-III advised and assisted the Debtors with reconciling the administrative and priority tax claims related to governmental units. This included reconciling the creditors amounts to the company's books and records and negotiating with creditors. M-III also responded to numerous inquiries from creditors regarding the claim's reconciliation process. M-III also continued to maintain reporting and tracking related to the claim's reconciliation process.
- g. Claims Administration and Objections (Priority Non-Tax Claims): M-III advised and assisted the Debtors with reconciling the priority non-tax claims. This included reconciling the claim amounts to the company's books and records and negotiating with creditors. M-III also assisted the Debtors in settlement negotiations with creditors and Debtors' counsel. M-III also continued to maintain reporting and tracking related to the priority non-tax claims reconciliation process.
- h. Corporate Governance and Board Matters: On an ongoing basis, M-III prepared for and participated in meetings of the Restructuring Committee of the Board.
- i. Employee Benefits: M-III prepared for and participated in calls and correspondence related to the Blue Cross Blue Shield (BCBS) potential recovery options regarding the Sears' self-funded medical plan with BCBS.
- j. Employment and Fee Applications: M-III prepared its monthly invoice in compliance with its retention order.
- k. Estate Tracker Reporting: M-III also prepared weekly reports to illustrate cash flows and liquidity as compared to the forecast including related methodologies, as well as cash management planning. M-III continued to revise the draft forecast through year-end. M-III distributed the Estate Tracker Report to the Restructuring Committee and Pre-Effective Date Committee and addressed questions.
- l. Insurance and Damage Claim Processing and Management: On an ongoing basis M-III assisted the Debtors in the pursuit of various damage and insurance claims

where the Debtors are the plaintiff. This included managing outside counsel and the collection of settlement proceeds. M-III also assisted the Debtors in managing general liability claims and legal cases where the Debtors are the defendant. M-III also worked with the Debtors' insurance claims processing agent, to manage these claims and cases.

- m. Litigation: M-III also assisted with litigation matters to enforce the APA related to the foreign entities cash litigation. M-III also assisted with litigation matters being handled by various Ordinary Course Professionals. M-III also assisted in reviewing the list of class action lawsuits to determine if they were part of the acquired assets of the Buyer. M-III also assisted the Debtors in the Global Settlement by attending calls with the mediator and several other professionals, reviewing and revising the 9019 motion, reviewing and addressing the Buyers list of outstanding issues.
- n. Litigation Trust: M-III assisted the Debtors in analyzing how receipt of the shareholder Litigation Trust funds should be accounted and reported for accounting and tax purposes.
- o. Meetings and Communications with Creditors: On an ongoing basis, M-III prepared for and participated in meetings and teleconferences with the Official Committee of Unsecured Creditors and their respective advisors.
- p. Meetings and Communications with Restructuring Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with the Debtors' Restructuring Committee.
- q. Meetings and Communications with Pre-Effective Date Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with the Debtors' Pre-Effective Date Committee.
- r. Non-Debtor Entities Remaining with the Debtors: On an ongoing basis, M-III assisted the Debtors with accounting and other matters related to SHC Israel Ltd., Sears Holdings Mauritius Holding Company ("Mauritius") and Sears Reinsurance Company Ltd. M-III also assisted the Debtors in working with the Mauritius accountants to review and revise the draft year-end financial statements including the reporting of the sale of India which was a foreign non-Debtor entity and the audit letter of representation. M-III also assisted the Debtors gathering information related to the FATCA/CRS reporting and reviewing and revising the Mauritius tax return.
- s. Ordinary Course Professionals (OCP): On an ongoing basis, M-III assisted the Debtors with reviewing and preparing the OCP invoices for payment in accordance with the OCP Motion, maintaining respective reporting and sent payment confirmations. M-III also continues to work with the Debtors to resolve other legal non-OCP invoices and matters related to the case. M-III also assisted the Debtors with quarterly reporting related to the Ordinary Course Professionals.

- t. Preference Analysis: On an ongoing basis, M-III assisted the Debtors in continuing to work with the preference firms to support the preference project across the engaged firms including providing the Debtors' resolution amounts and priority type for numerous proofs of claim, following up with the Debtors on inquiries related to the resolution of preferences and providing supporting documentation. M-III also assisted the Debtors in reviewing the settlement agreements and provided comments where applicable. M-III also assisted the Debtors in updating the Debtors reporting and claims register to reflect proofs of claim that were settled. M-III also assisted the Debtors in reviewing and analyzing the settlement results and cash remittances to the forecast. M-III also assisted the Debtors in monitoring and reporting related to the disputed preference claims. M-III also continued to assist the Debtors in updating the claims register and reporting related to the settled default judgements.
- u. Real Estate – Claims Administration and Objections: On an ongoing basis M-III assisted the Debtors with reviewing and reconciling the administrative and priority claims and ballots related to real estate. M-III also continued to assist in settlement negotiations with creditors and Debtors' counsel including updating the interest from the county websites, phone calls, email correspondence and prepared the distribution information for the administrative and priority claims for the Business Personal Property Taxes. M-III also assisted the Debtors in responding to numerous inquiries from creditors regarding the claim's reconciliation process and payments received. M-III also continued to maintain reporting and tracking related to the real estate claims reconciliation process and payment distributions.
- v. Real Estate – Property Management: On an ongoing basis, M-III assisted the Debtors in the management of its real estate assets and related accounts payable.
- w. Real Estate – Property Taxes Payable by the Estate: On an ongoing basis, M-III assisted the Debtors in analyzing property tax bills presented for payment to determine what amount, if any, is owed by the Debtors or potentially other parties.
- x. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, M-III assisted the Debtors in due diligence, analysis, reporting, marketing, and monetization related to the unencumbered real estate. M-III worked closely with the Debtors to list, market and sell unencumbered assets to a variety of real estate investors. M-III also assisted the Debtors with the analysis of unencumbered properties with a view towards selling these assets in a timely manner for favorable prices.
- y. Reporting: On an ongoing basis, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting related items including but not limited to, preparing monthly bank reconciliations, reviewing monthly financial statement accounts, monthly reporting for the Post-Confirmation Corporate Quarterly Operating Report and the Post-Confirmation Quarterly Operating Report. M-III also assisted the Debtors in reviewing and revising the information for the

fiscal year-end financial statements. M-III also gathered information for the federal tax return. M-III also continued to assist the Debtors in updating professional fee reporting. M-III also continued to assist the Debtors in reviewing and revising the Mediator Presentation Report including revising various scenario analyses, the settlement waterfall and cash flow forecast. M-III also analyzed the Unsecured Creditors Committee professional's settlement waterfall to identify differences in actuals and forecast compared to the Debtors settlement waterfall and responded to inquires related to the same.

z. Tax Issues: On an ongoing basis, M-III assisted the Debtors in following up with various states regarding the status of the Sales and Use Tax refunds. M-III also assisted the Debtors with two officer notices for two former officers with the State of Illinois including reviewing and revising the memo for the protest and request for administrative hearing and coordinating with counsel. M-III also assisted the Debtors in gathering information and evaluating potential tax recoveries related to Sales and Use Tax and Payroll Tax. M-III also addressed numerous tax letters and tax liens from various taxing authorities related to pre-petition and post-petition amounts.

aa. Unclaimed Funds: On an ongoing basis, M-III assisted the Debtors in the unclaimed funds process and followed up with the Debtors on inquiries related to additional information regarding unclaimed funds. M-III also assisted the Debtors in liaising with a financial institution to gather the information and supporting documents to obtain Medallion Signature Guarantees for liquidation of stock positions. M-III also assisted the Debtors by preparing letters to follow-up on reimbursement of outstanding credits to be refunded back to the Debtors. M-III also assisted the Debtors in exploring options to sell the unclaimed funds including discussions with potential interested parties. M-III also assisted the Debtors in reviewing the status of the Illinois unclaimed funds and prepared follow-up correspondence.

3. **Exhibit A** attached hereto includes a summary of fees and expenses and a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.

4. **Exhibit B** attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: August 18, 2022
New York, New York

By: /s/ Mohsin Y. Meghji

Mohsin Y. Meghji
Managing Partner
M-III Advisory Partners, LP
1700 Broadway,
19th Floor
New York, NY 10019

Exhibit A

Summary of Compensation Sought for the Reporting Period

TOTAL HOURS	TOTAL FEES	TOTAL EXPENSES	TOTAL COMPENSATION	MONTHLY COMPENSATION FEES (100%)	MONTHLY EXPENSES (100%)	TOTAL MONTHLY COMPENSATION
571.3	\$429,569.00	\$302.49	\$429,871.49	\$429,569.00	\$302.49	\$429,871.49

Summary of Hours Billed by Professional

Employee Name	Title	Total Hours	Rate (a)	Total
Meghji, Mohsin	Managing Partner	15.6	\$1,225	\$19,110.00
Gallagher, William	Managing Director	8.3	\$1,050	8,715.00
Griffith, Brian	Managing Director	54.4	\$1,050	57,120.00
Murphy, William	Senior Director	123.0	\$875	107,625.00
Korycki, Mary	Director	175.8	\$850	149,430.00
Detrick, Andrew	Vice President	33.0	\$675	22,275.00
Concolino, Antonio	Associate	16.2	\$495	8,019.00
Blondell, Zachary	Analyst	130.8	\$395	51,666.00
Ramnani, Ravi	Analyst	2.0	\$395	790.00
Urena, Amanda	Analyst	12.2	\$395	4,819.00
Total		571.3		\$429,569.00

Note:

(a) The billing rate reflects M-III Advisory Partners, LP 2022 billing rates. [ECF 9297]

Exhibit B

Summary of Necessary Expenses Incurred

Description	Total
Telephone/Internet/IT	\$298.16
Miscellaneous	4.33
Total (a)	\$302.49

Note:

(a) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.